REPUBLIC OF TURKEY
PRIME MINISTRY
STATE PLANNING ORGANIZATION

Turkey Devlet planlama teşkilâti

STRATEGY AND BASIC TARGETS

OF

LONG-TERM DEVELOPMENT

AND

THE THIRD FIVE-YEAR DEVELOPMENT PLAN

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REPORT

BY

THE HIGH PLANNING COUNCIL

Date: March 30, I972

Number: 2I

Subject: Strategy and Basic Targets of Long-Term Development and the Third Five-Year Development Plan.

The High Planning Council, in its meeting held on March 30, I972 under the chairmanship of Prof. Dr. Nihat Erim, the Prime Minister, discussed the draft prepared by the Central Planning Organization on the "Strategy and Basic Targets of Long-Term Development and the Third Five-Year Development Plan", and decided to accept and approve the said draft with the provisions that,

I. The developments observed and realized in the planned period should be supplemented in the part dealing with the economic problems of Turkey;

2. It should be made clear that an orderly balance will be established between the development and defence endeavours;

3. Greater clarity should be given to the point that the Plan will bear a commanding character for the public sector, and an attracting character for the private sector, thus conforming with the principle of Mixed Economy;

4. The terms used to denote that the Annex Protocol will be modified, should be corrected in such a manner as to convey

the meaning that no handicap will be caused to the target of development of Turkey through industrialization;

5. Although Kemalist Nationalism is implied in the chapter on Youth and Culture, the term "Kemalist Nationalism" should be specifically mentioned;

6. The terms such as "essential" and "national private sector" used in the text should be clarified where need be.

The Council further decided, in accordance with article I4 of Law 9I, to submit to the Council of Ministers the attached draft prepared by the Central Planning Organization.

Chairman

Prof. Dr. Nihat Erim
Prime Minister

Member	Member	Member
Sait Naci Ergin	Naim Talu	Mesut Erez
Minister of Finance	Minister of Commerce	Minister of Industry and Technology

Member	Member
Memduh Aytür	Hikmet Çetin
Undersecretary State Planning Organisation	Head of Economic Planning Dept. State Planning Organisation

Member	Member
Sadi Cindoruk	Kâmran Baydur
Head of Social Planning Department State Planning Organisation	Head of Coordination Department State Planning Organisation

Introduction

The results obtained from the First and Second Five-Year Plans, the experiences gained, the difficulties encountered, and the situations arising from them have necessitated the preparation of the Third Five-Year Plan in a new perspective. Particularly the Annex Protocol regulating the transition to participation in the E.E.C. within the framework of the Ankara Agreement has rendered the revision of the development policy imperative.

"The Basic Targets and Strategy of Long-Term Development and the Third Five-Year Plan" have been prepared with due attention to the Constitutional foundations of development and its planning, and to the basic problems and the development potential of the country. Furthermore, for the realization of Turkey's aim to take her place among the industrialized communities in the course of the perspective period, it has been taken into account that greater flexibility would be given to the implementation of the Annex Protocol, and more particularly from the point of industrialization.

In selecting the general targets of this strategy, the per capita income level and the economic structure of the least developed country - according to certain criteria - among the E.E.C. countries has been taken as a concrete example.

There are three reasons why this level of income and

economic structure were adopted:

(I) The national security policy of Turkey demands that such a level of development should be attained;

(2) The targets envisaged for the 22-year period as the requisite for the expected income level and economic structure are considered realizable, provided that policies in line with strategic principles are followed, and effective use is made of planning tools;

(3) Furthermore, these targets are of a nature that will permit Turkey's development within the E.E.C. without suffering any loss in her national integrity and her proper interests.

The "Reforms" envisaged in the First and Second Plans, but could not be realized and therefore taken up anew, are not detailed in this Strategy. Only the principles of these reforms and their place in the system are designated. In reality, the reforms are commanded by the Constitution, and are inextricably linked with development planning. It is for this reason that it is deemed imperative to realize these reforms within the shortest possible time in order to speed up economic, social, and cultural development.

It is admitted that the national and cultural integration and social solidarity can be realized through systematic efforts of a sensitive and effective public administration identified by strategic principles. Because it is only natural that the minimum conditions for the happiness of the individual and high morale can only be attained in the atmosphere

of security and freedom of a stronger nation, it is thought that one of the conditions of the development is to set up a balance between defence endeavours and development, and to modernize defensive power.

Mixed economy which permits the public and private enterprises to exist side by side will be the basis for securing the income level and the economic structure foreseen in the long term. The plans will be of a commanding nature for the public sector, and of a guiding nature for the private sector.

The New Strategy is composed of eight parts:

Part I deals with the basic problems that Turkey is confronted with.

Part II describes the Constitutional bases of development planning, and portrays the Turkish aspiration to reach a definite development level. For the realization of this aspiration, the duties incumbent upon the State by the Constitution, the limits of these duties, and the procedure to be followed in fulfilling such duties are made clear with reference to the provisions of the Constitution.

Part III dwells on the accepted aims to solve the problems in greater extent by 1995 and to provide the targeted level of development and economic structure. Mention is also made in this section of the priorities to be given to the objectives and their consistency.

Part IV concerns the necessity for a new perspective

and the underlying reasons thereof.

Part V explains the targets of long-term development and the concept of development rate. In this section the magnitudes that Turkey will be able to attain by using her potentials at the highest level are detailed in order to reach the developed level and structure targeted for 1995 and to realize the long-term aims.

Part VI points out the planning tools to be made use of in the realization of the long-term aims and targets. These are enumerated as "Five-Year Plans", "Annual Programmes", "Sector and Subsector Master Plans" and "Provincial Plans". It is also noted that these tools will be prepared with a dynamic approach suitable to the understanding of the new perspective.

Part VII characterizes the basic principles of the policies to be adopted for the realization of the rate and form of the prospected development.

Part VIII describes only the outlines of the targets, means, and policies of the new perspective that would reflect on the Third Five-Year Plan period.

Part I

Basic Problems of the Turkish Community

Developments in the Planned Period

I.I - The Turkish Community has taken great strides forward, particularly in the planned period, for the solution of the problems impeding its development. The Gross National Product which stood around I08.7 billion Turkish Liras I/ in I963 rose up to I97.3 billion Turkish Liras in I97I, thus marking an increase of 65%. The share of agriculture in domestic product dropped from 4I.2% to 28.I% in I972, while the share of industry rose from I6.8% to 22.6%. Income per capita during this term rose from TL.3640 to TL.490I. During the I963-I97I period imports marked an upward trend of 8.7% p.a., and exports 7% p.a. Thus the volume of foreign trade which was I.05 billion dollars in I963 reached the sum of I.85 billion dollars in I97I. The investments during the same period recorded an average increase of 8.6% p.a. over that of I963 which stood at TL.I6.7 billions and reached the sum of TL.32.4 billions in I97I. 92% of the 2I5.6 billion Turkish Liras worth of investments made during this period have been met through domestic sources. The share of foreign resources in total savings, through fluctuating from year-to-year, has shown a tendency to decrease. While the rate of literacy of the school age population was around 40% at

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I/ The income figures are given at I97I prices and according to the new GNP series.

the beginning of the planned term, the said rate rose up to 54.5% in I970. 2/ The number of hospital beds rose from 62 thousand in I963 to 90 thousand in I97I. While 24% of the population lived in single-room dwellings in I960 this ratio was reduced to I6% in I970. The rate of citizens that could not avail themselves of electricy as compared with the total population was 69% at the beginning of the planned period; and this figure also dropped to 62%. In spite of these positive developments, however, Turkey has not yet been able to solve her problems completely. As the target to attain a definite development level by I995 is envisaged in the New Strategy, the appearance of the present problems in the economic and social life are given in comparative form to E.E.C. countries.

Rapid Growth of Population

I.2 - According to census results, the population of Turkey which stands at 35.6 million, marks a considerable increase of an average of 2.7% every year 3/. The yearly increase of population in the E.E.C. countries, on the other hand, is less than one percent. As a result of urbanization and increased income level, the rate of population growth is expected to slow down. Despite all, Turkey is expected to reach the population mark of 65 million by I995 4/.

2/. One percent sampling out of I970 General Census results.
3/. The actual rate of increase in population is 2.56% if Turkish workers employed in foreign countries are excluded.
4/. Despite the expected decrease, to a certain extent, in fertility, because of the high number of women in child-bearing ages, the population of Turkey in I995 is not expected to drop far below 65 millions under normal conditions.

The rate of dependence of the population is 85% according to the I970 census. This means that every hundred people will have to take care of I85 people including himself. The same proportion in I967 was 53% in Italy, 55% in Germany, and in I968 it was 60% in France. It is expected that the rate of dependence in Turkey will be around 70% in I995.

Inadequate Education and Health Services

I.3 - Formal and informal education today is not on a level and flexibility to provide the manpower in quantity and qualification required for development, and more especially for industrialization. The health system and services are deficient of meeting the needs of the community in structure, quantity, and extent.

Scattered Settlement

I.4 - 65% of the people live today in rural areas with a population of less than ten thousand. Migrations from village to towns cause an increase in the rate of urbanization, and result in an unbalanced settlement in towns and cities.

I.5 - The number of rural settlement units in I969 was around 74 thousand 5/. This scattered settlement renders the meeting of the need for services and infrastructure more difficult, hampers the spread of modern techniques, and makes it necessary to divert a good part of investments to certain fields of limited productivity.

5/. According to figures obtained from the records of the Ministry of Interior as of the end of I969.

Disguised Unemployment,
Insufficient Social Security, and
Unbalanced Distribution of Income.

I.6 - The supply of labour which is around I4.3 millions today exceeds the existing demand for labour by I.6 millions. It is estimated that the supply of labour in I995 will reach the mark of 27 million. Under those circumstances, it will be necessary to provide additional employment opportunities for I3-I4 more million people 6/.

I.7 - Employment opportunities in the industrial sector could have not been increased in such proportion as to ensure the solution of the problem of employment. During the Second Plan period, employment opportunities in this sector marked a yearly increase of 5.7%. On the other hand, work possibilities in the services sector developed at a more rapid rate of 6.4% a year. However, greater part of this development was registered in the public services sector due to employment of more personnel than required by the service. The yearly increase in the number of public personnel during this term has been 9%, and the increase in non-qualified public personnel has been I0% Nevertheless, this rapid growth

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6/. It is estimated that the rate of participation of the active population during the perspective plan period, will be around 40%, and the supply of labour in I995 will reach 27 millions. The supply of additional work opportunities necessary to be created during the term I973-I995 has been obtained by subtracting the present demand for labour of I4 million manpower from the expected 27 millions.

in services as against limited increase in the existing industrial sector though temporary in nature, cannot overcome unemployment.

I.8 - Manpower in Turkey is composed of groups working under varying conditions: (I) the group that form the majority comprising the unemployed and the disguised unemployed that remain outside the scope of social security and trade union system; (2) those attached to social insurance and trade union system ; and (3) those who have found employment in foreign countries and thus attained standards above those prevailing in Turkey. Development in this direction during the past ten years has created a three-fold diversification introducing new dimensions to social justice in the field of work.

I.9 - The existing low-level per capita income is about one sixth of the corresponding average of E.E.C. According to the averages of I968-I97I the share of agriculture in the domestic product is 30%, that of industry is 2I%, and that of services is 49%. Agriculture which provides 30% of the domestic product forms the livelihood of 65% of population. In addition, the distribution of income among the income groups and regions also marks an imbalance.

Deficiency of Domestic Savings and Credit System

I.I0 - Domestic savings have not attained a level necessary to realize a speedy development, and constitute an important factor in limiting development. Increase in

public savings is particularly insufficient. Necessity to adopt deficit financing at times tends to create inflationary pressures on the economy. Prices continue to rise, the balance between prices at home and abroad is disturbed, and the balance of payments is adversely affected. Private savings do not reach the desired levels, and they are not directed to productive fields. Public finance, credit organizations, and intermediary financial institutions are lacking the structure or implementing ability demanded by industrialization. This situation limits endeavours to direct the credits to priorities envisaged in the plans, and prevents the economy from attaining the planned structure.

Production Structure and Technology

I.II - Industry, in general, consists of small or below-optimum scale units. Natural resources are not properly exploited. The costs are high, manufactured goods are inferior in quality, and production technology is backward. Most advanced technologies are not selected, technological developments are not implemented, and they are not adapted to the conditions prevailing in the country. Increase in productivity is not sufficiently rapid. Technological backwardness reflects itself on the export structure. In addition, the established industry consists, in general, of those producing consumption goods. The production of intermediate and investment goods has not gained the desired weight in industrial production. Inter-

mediate and investment goods hold a substantial place in imports. This situation also affects the terms of trade in an adverse manner.

I.I2 - The agricultural sector in greater part is unable to keep pace with technological developments, agricultural production does not show a rapid and stable growth, and the contribution of agricultural income to development remains limited.

Foreign Trade Deficits and Structure of Foreign Trade

I.I3 - The deficit in foreign trade (balance between import and export of goods) has been increasing regularly from year to year. Export possibilities of agricultural products are limited due to both restricted foreign demand and to supply. The main traditional export items (tobacco, cotton, hazel-nuts, raisins) constituted in I97I 57% of our exports, with cotton alone holding the major share of 30%. The export of industrial products is around 20% in the total volume of exports. More-over, it is hardly feasible to consider as industrial products some of the items that are included in this category. The export of investment and intermediate goods such as machinery and vehicles which hold a major part in the exports of developed countries, have only a minor share of 1/2% in our total exports 7/.

7/ The share of machinery and vehicles in the total volume of exports in Italy in I970 was recorded as 27%.

I.I4 - On the other hand, the potential in the field of mining has not been properly exploited, and the export of processed mining products has not been sufficiently enhanced.

I.I5 - The imports of intermediate and investment goods in I97I constituted 90% of the total volume of imports. The imports of intermediary goods alone was around 60% of total imports. The increase in the demand for intermediary and investment goods as a natural consequence of development has caused a rapid expansion in imports.

I.I6 - The rapidly growing deficit between the export and import of goods is being covered through extraordinary development in workers' remittances and through foreign aids.

A costly and slow-functioning Public Administration

I.I7 - Public administration is unable to become an efficient instrument for development, because it is incapable of conducting its functions in required quality, speed and productiveness. Lacking the character of supporting development, the public administration grows steadily in volume, does not regenerate itself, becomes more and more costly, and constitutes a rigid structural problem difficult to solve.

I.I8 - While current expenditures comprise more than half the budget, payments made to public personnel record an

ever-increasing volume 8/. One reason for this increase is the additional burden that Law 657 has imposed on both the budget and the economy at large, the other being the unnecessary rise in the number of certain general service public personnel. This situation results in low and even decreasing productivity in spite of swelling current expenditures which in turn leads to waste of manpower and resources that could be utilized more efficiently in other fields contributing to development.

I.19 - Local administrations are lacking of resources to meet the common local needs of provincial, municipal and rural development; and the voluntary local contributions, generally made under the influence of sentimental motives, are channeled to unproductive fields.

Obligations Imposed by Relations with E.E.C.

I.20 - As a result of the choice of participating in the E.E.C., the obligations that Turkey has undertaken by the agreements on this matter with regard to Customs Union and time limitations attached thereto constitutes an additional problem to be taken into account.

8/ While the index of current expenditures in the consolidated budget of 1965 was 100, the budget appropriation for 1971 increased to 249.3. On the other hand, index of personnel payments rose from 100 to 276 within the same period. Thus, while the share of personnel payments within the total current expenditures was 67.8% in 1965, this figure reached to 75% in 1971.(See Introductory Document to Budget for 1972, November 1971, Ankara).

I.2I - In general the Ankara Agreement imposes upon Turkish economy the obligation to go into a Customs Union in the long term, to provide for free circulation of factors of production, to gradually do away with discriminatory treatments for reasons of citizenship, and to bring its economic policies closer to those of E.E.E. The provisions of the Annex Protocol designed to determine the form of implementation of the transitory period foreseen in the Ankara Agreement, provides for the realization of Turkish participation in the Customs Union set up by E.E.C. in a gradual manner by 1995. In 1995, the entry into the last phase of relations with E.E.C. will have been realized, and Turkey will be ready to discuss with the members of E.E.C. the terms of transition to full membership. When full membership is realized, free circulation of goods and factors of production within the Community will be provided, and Turkey, together with the other members, will reach a turning point leading her to a political union, and necessitating the making of a new choice in Turkish history 9/.

9/ Upon realization of full membership, commodity and monetary transactions and individual settlements will be free among the member nations, in addition to circulation of factors of production such as capital, enterprise and manpower.

I.22 - The adoption of the Annex Protocol as the form of implementation of the Ankara Agreement will necessitate the provision of a flexibility in Turkey's relations with E.E.C. which will be conducive to the attainment of long-term goals, in terms of time and measure, and will provide the possibility for industrialization in the form envisaged in paragraphs 3.3 - 3.6 of this strategy.

I.23 - It is necessary to solve the aforementioned problems of Turkey within the term of 22 years and with certain qualifications by keeping the relations with E.E.C. in view. The necessity to solve the problems before the obligations related to Customs Union affects, in great measure, the means that Turkey intends to use for development and the economic policies which she plans to implement, and losses to be encountered in public revenue demand more intensive and conscious efforts in this line.

I.24 - In case Turkey is unable to attain the per capita income, the economic structure and the technological level as foreseen in this strategy by I995, she can realize the economic, social, and cultural development only by the emergence of certain factors that cannot be predicted as of this day. Turkey, however, is in full possession of the required potential to attain the targets laid down in this strategy.

Therefore, using in the best possible manner of the period until 1995 which will enable Turkey to reach this level, and the solution of the aforementioned problems is a debt of our generation to the Great Turkish Nation.

Part II

Constitutional Bases of Development Planning

The Ideal of National Exaltation

2.1 - The wording in the preamble of the Turkish Constitution "exalting our Nation as a respected member of the community of world nations enjoying equal rights" reflects a basic ideal built upon Atatürk's call "to reach the level of contemporary civilisation". This ideal has been expressly stated in the Second Five-Year Development Plan.

2.2 - Article 41 of the Constitution under the heading of "Organization of Economic and Social Life" underlines that "it is the duty of the State to realize economic, social and cultural development by democratic processes, and to increase national savings for this purpose, to direct investments to the fields which have priority from the viewpoint of public welfare, and to prepare development plans". Therefore, the State has the duty of enhancing national savings and directing investments to priorities essential to public benefit.

2.3 - Freedom of the individual to work in the field of his choice, to set up private enterprises, and the functioning of private enterprises in an atmosphere of security and stability, are duties incumbent upon the State by article 40 of the Constitution. This

freedom can only be curtailed for reasons of public benefit, exigencies of national economy, and social objectives. (See 7.I2).

2.4 - Article I29 of the Constitution establishes the provision to base on a plan the economic, social and cultural developments incumbent upon the state, and requires that development is carried out according to this plan.

Sacrifices and their Limits

2.5 - The ideal of national exaltation and the plan discipline demand increasing the "national savings". Directing them to services and investments and thus carrying out the duties of the State are prescribed in Article 53 of the Constitution as "... in so far as economic development and its financial resources permit." Therefore, economic development will be speeded up, and financial resources will be expanded. For this purpose, it is necessary to concentrate all existing resources on a definite "centre of gravity". This centre of gravity, as an alternative already tried in history and accepted by the nation, will be established on the industrial front. Industrialization really is the true path to "economic development" through expanding the financial and material resources, as well as creating wider employment. Moreover industrialization is a requisite of the natural

disposition of the Community to which Turkey is a candidate, of the developments of her neighbours, and of her geo-political situation.

2.6 - The alternative of concentrating the resources on such a centre of gravity demands the acceptance of serious and disciplined sacrifices in short term, without hindering the essence of basic economic and social rights. These sacrifices will constitute the guarantee for the ideal of national exaltation, as well as for the 'proper' fulfillment of economic and social duties on the part of the State.

2.7 - Article I0 of the Constitution provides that the State shall remove all political, economic and social obstacles that restrict the fundemental rights and freedoms of the individual in such a way as to be irreconcilable with the principles embodied in the rule of law, individual well-being and social justice, and that the State prepares the conditions required for the development of the individual's material and spiritual existence. In order to enable the State to perform this duty, these sacrifices should be owned and accepted by the nation as a whole, and disseminated to the community.

Part III

The Objectives of Long-Term Development

3.1 - Keeping in mind the Constitutional aims and principles, together with the basic problems and potentials of the country, the objectives to be realized for the development level and economic structure targeted for 1995 have been defined.

Raising the Standard of Living

3.2 - The significance of the development level and the economic structure targeted for 1995 from the standpoint of the individual is to raise the standard of living. When the targeted development level and economic structure is attained, income per capita will rise fourfold 10/. Rise in the standard of living will have been realized in long term, and "everyone will enjoy the assurance of a standard of living compatible with human dignity" as prescribed in Article 41 of the Constitution.

Industrialization

3.3 - In conjunction with the necessity to attain

10/ According to present estimates, income per capita will reach the level of TL 21,000 corresponding to $ 1500.

the 'structure' and the development 'level' targeted for 1995, the bottle-necks encountered and the problems that have remained unsolved in the preceding plan period makes further acceleration of the structural change in the economy imperative.

3.4 - The ideal of attaining the contemporary level of civilisation within the shortest possible time and its inevitable requirement of eliminating the bottle-necks and solving the problems depends on the change of the social and economic structure whereby social attitudes and values will render steady development II/.

3.5 - In order to effectuate this structural change and with special regard to national security, the aim will be to establish an industrial structure where intermediate goods industries with powerful backward and forward linkage effects and investment goods industries, creating employment, possessing a

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II/. The term 'industrialization' and the objective of reducing dependence on foreign resources referred to in paragraph 3.7 are not used to mean the creation of a self-sufficient,autarkic economy. The accepted principle in industry is to be bound outward, and not inward. Turkey is faced with the necessity to materialize a healthy industrialization suitable to international conditions and capable of competition. For this reason, necessary measures will be taken to see that existing industries or those to be set up in the future would be adopted to international conditions and would be compatible with those of E.E.C. in particular. Thus the aim will be to approach a higher level of foreign trade balance, to realize an export structure that will be less influenced by international business cycles and to reduce the share of concessionary foreign credits in the balance of payments.

driving and encouraging character in the production of technology, highly contributing to national product, relieving the dependence on foreign economies but making Turkey a powerful commercial partner in the field of international trade have increased shares in total industrial output. In fact, it can be claimed that Turkey, with her population, geography, natural resources, increasing level of income and savings rate, infrastructure, and manpower skill already possesses an industrial basis well capable of developing heavy industry. When the present development level is taken in view, it is seen that it will be possible to set up industrial units of economic size in a number of branches of industry. This also proves that the burden of the choice of industrialization, may not be so great.

3.6 - Meeting the new demands as the direct result of higher standard of living due to industrialization, preparing the requirements for future imports, increasing exports and changing the export structure, solving the problem of unemployment by creating work opportunities in non-agricultural sectors, and rapid modernization of agriculture will thus be made possible.

Reducing Dependence on Foreign Resources

3.7 - Accelerated and uninterrupted industrialization as a requisite to attain the desired economic structure (See Part V) can only be made possible by

avoiding the economy from being adversely influenced by foreign economies, and by reducing dependence on foreign resources.

3.8 - This aim will be realized by increasing exports and their variety, and by enabling the export of industrial goods to gain greater weight in total exports. Furthermore, steps will be taken to produce locally and in an increasing measure the intermediary and investment goods deemed necessary for development. Otherwise, the need will continue to finance the ever-increasing gap between the export and import of goods through developments in invisible items and foreign aid. Therefore, reducing the dependence on foreign resources shall only be achieved through industrialization in the above described manner.

3.9 - The relations with the European Economic Community will be conducted in such manner as not to hamper industrialization in this course, and the flexibility to be given particularly to the Annex Protocol in this line will enable the realization of both objectives namely industrialization and lesser dependence on foreign resources.

<u>The Solution of the Unemployment Problem and Improvement in Income Distribution</u>

3.10 - Along with raising the standard of living, industrialization, and lesser dependence on foreign resources, the solution of the problem of

employment (See 5.6) and the gradual elimination of the inequalities between the income groups, and extension of social security have been accepted as long-term objectives.

3.II - Article 4I of the Constitution states that the "economic and social life shall be organised in such manner as to provide justice and the principle of full employment", and Article 42 introduces the provision that "it is the right and duty of every individual to work". Thus the duty is imposed upon the State to provide opportunities of work for everyone. Hence, the proposed form of development has been adopted because it will ensure the recognition of this right in greater measure during the future plan periods.

3.I2 - The solution of the problems and the realization of these objectives, together with the attainment of the development level and structure which form the basic targets of the economy, requires the evaluation of development in a perspective that will extend to I995.

Part IV

The Need and the Concept of New Perspective

First Perspective (1963-1977)

4.1 - With the inception of the planned period in 1963, need was felt to prepare a 15 year perspective for the problem of determining the priorities of aims and targets in order to evaluate Turkey's socio-economic potential and to furnish it with the best possible orientation through medium-term plans. However, the perspective magnitudes of this period have been determined not in the form of targets aimed at being realized in long term, but as magnitudes to be achieved through elimination of the bottle-necks and better use of resources.

4.2 - It has been accepted in the above-mentioned perspective that the average yearly increase of 7 percent in the G.N.P., the provision of a balanced development between the agricultural and industrial sectors, the solution of the unemployment problem, the attainment of balance in current accounts, increasing the number of exportable goods and training of highly qualified scientific and technical personnel in sufficient number would be realized with full respect to the principles of social justice.

The First and the Second Plans

4.3 - The First and Second Plans have been prepared in the light of the 1963-1977 perspective. While the First Plan laid stress on the investments for "infrastructure in the widest sense", unemployment problem and reorganization, the Second Plan incorporated particularly the principles of the industry to be a leading sector in the economy, and rendering urbanisation useful as a driving force for development.

4.4 - In the course of the First and Second Plan periods the planned increase in G.N.P. has been achieved, a certain improvement has been observed in the understanding and the implementation of the plan by the organizations concerned, reforms necessary for planned development have been initiated, and valuable experience has been gained in preparing better plans and programmes. However, it has not been possible within these two plan periods to solve all the problems and to realize important structural changes.

New Developments

4.5 - Although the Third Five-Year Plan can be considered as the last segment of the perspective accepted for the First and Second Plans, I) the desire to foresee and watch the future interests of the Turkish Nation in view of the rapid change in the world outside due to ever-accelerating technological development, 2) the problems that Turkish economy has

been faced with, 3) the clearer emergence of the development potential, 4) the impressions received from the implementation of the First and Second Plans, and the development provided by the accumulation of planning experience in making better estimates and plans, and particularly 5) the relations with E.E.C. require, at present, the determination of the priorities embodied in the Third Plan in a new perspective, and the adoption of the perspective plan in a different approach.

The New Perspective

4.6 - Apart from the perspective of the First and Second Plans, the following two points desired to be attained by 1995 will be taken as a basis in this perspective: 1) the level of income, 2) the structure of production. To make better use of the development potential through elimination of bottle-necks will not be deemed sufficient. Those potentials will be exploited at their highest level.

Part V

Targets of the Long-Term Development and the Concept of "Development Rate"

5.I - The attainment of the development level aimed at for I995 and the realization of long-term goals require certain magnitudes in various sectors of economy to be reached.

Economic Targets

5.2 - Those magnitudes which Turkey will be able to attain by using its potentials at the highest level are determined in the form of an economic structure whereby I) the Gross National Product per capitalwhich will be nearly fourfold of the present level and 2) the share of agriculture in Gross Domestic Product will be around I0 per cent, with industry and services enjoying their shares of 40 and 50 percent respectively.

5.3 - During the TFYP period the G.N.P. will be increased at an average yearly rate of 7.9 percent, and the Gross Domestic Product by 8 percent, in order to attain the income level and the structure of production referred to in 5.2. This rise in the Gross Domestic Product will be realized by means of average yearly increases of 3.7 percent in agriculture at factor prices, II.2 percent in industry, and 7.7 percent in services. In later plan periods the Gross Domestic Product and the growth rate of the sectors will be determined in

proportions capable of establishing the income level and the economic structure aimed at for I995 I2/

Some Production Targets

5.4 - Through the calculated rates of increase in productive sectors, following developments are targeted for the period between I970 and I995 in the production of some important goods: The production of iron and steel which stood at I.5 million tons in I970 must be raised to

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I2/. By comparing the growth rate of II.2 percent envisaged for industry in the long-term perspective with the rate of industrialization foreseen in the First and Second Plans, it would be erroneous to conclude that the new perspective does not lay any further stress on industry than did the First and the Second Five-Year Plans. That is to say, while the envisaged marginal contribution of the industry to the overall growth in the First and Second Plans was 33.3 percent, the corresponding ratio for the I972-I995 period is expected to reach 45 percent. Because the industrial bases in the First and Second Plans are different, the industrialization effort required by the new perspective will be higher than that of the past plans even though the rates of growth may approximately be the same. Moreover, as a result of greater emphasis placed by the aimed industrial structure upon intermediate and investment goods in the new perspective, the share of industrial investments in total is bound to be higher. This share which is determined to be around 50 percent in the new perspective was about 30 percent in the First and Second Plans.

20 million tons in I995, cement from 6.4 million tons to 40 million tons, paper from I5I thousand tons to 4 million tons, electricity from 8.6 billion Kwh. to I25 billion Kwh., plastics from 45 thousand tons to 2 million tons, and aluminium from I7.6 thousand tons to one million tons; or, alternatively, comparable production levels should be realized in products to substitute them due to technological changes.

5.5 - Through the attainment of the targeted structure and the level of development, the question of balance of payments will be solved in such a manner as to alleviate the necessities of receiving concessionary foreign credits and of sending workers abroad.

Social Targets

5.6 - Measures will be taken to keep the population under 65 millions by I995 through low rates of fertility. Full employment in I995 will be enjoyed with 25 percent of the working population in agriculture, 23 percent in industry and 52 percent in services I3/.

I3/ The services sector comprises construction, communication, tourism, trade, private professions, financial organizations, housing, public and other services.

5.7 - During the perspective period the guiding principle will be to provide every individual at least with a level of income and social security enabling him to meet the minimum human needs like nutrition, health, shelter and clothing.

Health

5.8 - The aim in health services is to uplift the level of sanitation. Therefore, health services will be expanded to meet all needs by rationalizing curative health services and by effective application of preventive services. The targets are to establish by I995 a health centre for every 7500 people, a health station for every 2500 people, and 50 hospital beds for every I0,000 people, or other facilities of equal standards to substitute them according to the future developments.

Education

5.9 - The term for basic education will be extended to eight years, and this system will be applied in cities and in all central villages. In I995 education facilities will be provided for the whole population of primary school age, for 75 percent of the population in the second phase of basic education, for 45 percent of the population at the secondary education age, and for I5 percent of the population at the higher education age. In order to achieve this end the present formal educational system will be revised. For the purpose of

equipping the manpower in short term with qualifications deemed necessary for development and for new technologies, an effective informal educational system will be established. Parallel to industrialization, special emphasis will be laid on vocational and technical branches in the inner divisions of educational institutions. To provide for the training of students with insufficient means more especially in technical branches, definite quantitative targets will be fixed in every term, and necessary public aids will be extended.

Urbanization

5.I0 - A functional and gradual pattern of urbanization comprising 70 percent of the population will be realized by I995. Thus, a form of urbanization which will avoid overpopulation of bigger cities to a rate exceeding work opportunities will be attained.

Housing

5.II - Housing needs will be met in proper standards conforming with the requirements of the pattern of town and village settlements and with economic power of the community, without impairing social objectives.

Indicators of Development Rate

5.I2 - The aim is not only to attain a definite income level by I995, but also to reach this level with a definite economic structure. The rate of increase in Gross National Product reflects only one aspect of the

development aimed at. But what is meant by the rate of development in the new perspective is not merely the rise in the income level, but also the realization of a structural change in economy. With this purpose in view, the rate of increase in G.N.P. is looked upon as a necessary but not a sufficient indicator by itself to denote development I4/.

5.I3 - It has been deemed necessary to take a new concept as a starting point in evaluating implementation. The new concept, as measurable indicators of development, will be implemented in the following manner. With this aim in view, the points mentioned below will be taken as indicators of development which in turn will form, in their entirety, the new 'development rate'.

(I) The rate of increase in G.D.P.,

(II) The share of industrial income in G.D.P., and its marginal contribution to G.D.P.,

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I4/. G.N.P. is used an an indicator for standard of living and income level. Gross Domestic Product on the other hand, is taken as an indicator for structural change and increase in productivity which have been aimed at. Because the concept 'development' embodies both these progressive movements, the indicators for G.N.P. and G.I.P. will be used jointly in evaluating the implementation.

(III) Average annual rate of increase of industrial output (mining, manufacturing industry, power) and the composition of industrial production,

(IV) Average annual rate of increase in investments allocated to industry and its share in total investments.

Part VI

Planning Tools to be Utilized in the Realization of Long-Term Objectives and Targets

Kinds of Plans to be Utilized

6.1 - "Five-Year Plans", "Annual Programmes", "Sectoral and Sub-Sectoral Master Plans", and "Provincial Plans" will be utilized as planning tools for the realization of perspective targets to raise Turkey to the development level envisaged for 1995.

Econometric Models for Consistency

6.2 - In order to provide consistency in the determination of perspective targets and the "Five-Year Plans", it will be necessary to define long and medium-term targets in a macro-economic framework, and to formulate the relations between the variables that bear importance from the standpoint of planning. Therefore, development models warranting such actions will be utilized. These models will be used as instruments of decision-making to reconcile in a most consistent manner the market conditions, consumer preferences and the entrepreneurial decisions with rational resource allocation.

6.3 - Out of different planning tools, the "Five-Year Plans" and "Annual Programmes" are means that have already been put to use. These tools, together with

the newly added "Sectoral and Sub-Sectoral Master Plans" and "Provincial Plans", will be prepared and implemented in an approach more appropriate to the concept of the new perspective plan.

Five-Year Plans

6.4 - The attainment of the level envisaged by the perspective plan for 1995 depends primarily on the realization of certain phases in the "Five-Year Plans" to be drawn up during the perspective period. These phases and the stages expected to be reached at the end of each five-year period will be designated in the "Five-Year Plans".

6.5 - In order to attain this position, the segments that need to be realized in five years within the scope of "Sectoral and Sub-Sectoral Plans" and the targets for the sectors where no sectoral plans are prepared, will be clarified in the "Five-Year Plans". The sizes of the necessary resources, and the measures to be taken will be specified in these plans. Furthermore, the "Five-Year Plans" will be thought as instruments of providing the required flexibility to the perspective plan, by avoiding any handicap in reaching the perspective targets on account of unpredicted circumstances.

Third Sector

6.6 - Together with the shares and responsibilities of the public and private sectors, organizations establi-

shed by law and using public funds or savings of the beneficiaries and corporate bodies such as associations and foundations (third sector) will be assigned duties and aims in the "Five Year Plans" and "Programmes".

Master Plans

6.7 - In order to ensure rational allocation of resources and timely elimination of bottle-necks, "Sectoral and Sub-Sectoral Master Plans" for periods of I5-25 years parallel to stages set by partnership in E.E.C. will be prepared for the whole country in critical sectors of the economy (basic manufacturing industry such as iron and steel, defence industry, power, mining, forestry, agricultural irrigation, communication, etc.), together with education, health, tourism, and sports.

6.8 - On the other hand, because the concept of industrialization in the new perspective calls for the construction of large-scale installations, the gestation periods of investments exceed those of the "Five-Year Plans", and also on this count it becomes imperative to utilize "Sectoral and Sub-Sectoral Master Plans" as planning tools.

6.9 - Large scale projects concerning more than one organization will be included in the "Sectoral Master Plans" by attaching time schedules from the standpoint of internal and external financing, and material inputs designating the responsibilities for each

organization.

6.I0 - These plans will provide for the attainment of the physical targets necessary to be realized in these sectors as a requisite for the structure and magnitudes aimed at for I995, which is the end of perspective plan, by setting up units of economic size, with sufficient properties, in time.

Annual Programmes

6.II - / "Annual Programmes" will be utilized as yearly means of implementation of the "Sectoral and Sub-Sectoral Master Plans" and the "Five-Year Plans." These programmes will be prepared to include measures to avoid deviations that may arise in the yearly sections of the envisaged targets. Thus, it will be possible to prevent deviations in any given year from affecting the end result of the five year and even the final outcome of the perspective period.

6.I2 - As a novelty to be introduced in the Third Plan period, the Annual Programmes will assign targets other than private and public investments for new investments to be made by social savings institutions, voluntary foundations and associations which bear an increasing weight in the economy.

6.I3 - Public services planned by the "Sectoral and Sub-Sectoral Master Plans" will not figure in the "Annual Programmes" in detail, and the resources to be

allocated to them will be confined to such proportions as to avoid any deviation particularly in the industrialization targets. However, every use will be made of the possibilities provided by the determination to realize them within the scope of the perspective period.

Provincial (Local Administration) Plans

6.I4 - Laying due stress on industrialization requires the rational utilization of public savings. Article II6 of the Constitution entrusts the local administrative organs with the duty of meeting the common local needs of the citizens of provinces, municipal districts and villages and underlines that sources of revenue shall be provided for these administrative bodies in proportion to their functions. "Provincial(Local Administration) Plans" will determine the common local needs I5/ and will rationalize the research, evaluation, programming and project preparation work on resources to meet them. It will further provide for rational utilization and geographically balanced distribution of the technical and

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I5/ According to present laws and practices, local administrations are far from meeting the contemporary common local needs. Due to the fact that the line of demarcation of duties between local and central administrations is not laid down clearly, repetition becomes unavoidable.

(For solution, see 7.5 and 7.8)

financial aid extended by the centre.

6.I5 - The common local needs, will be met,as far as it is possible, through local resources. When necessity is felt to extend technical and financial aid from the centre, such aid will be effected through a proper intermediary organization, in increasing efficacy and within the framework of a programme.

6.I6 - "Provincial Plans" will be used as a means to establish an efficient cooperation and coordination between the local administrations and the provincial agents of the central administration. Thus, conformity to the principle of integrity of the administration as provided for in Article II2 of the Constitution shall be observed.

Part VII

Principles of Development Policies

7.2 - Policy principles are disciplinary means to ensure effective and harmonious utilization of measures directed by public organizations towards the objectives.

7.2 - In order to attain the standard of living foreseen in the perspective and to realize the change in the economic structure, the economic, social and cultural policy principles to be implemented in the preparation of the Five-Year Plans and the Yearly Programmes are stated below. These principles will be applied in such a balanced manner so that the pace of industrialization in the perspective period will not slow down.

National Defence

7.3 - A systematic connection will be established between the supply, in sufficient measure, of means and materials necessary for national defence services and the endeavours for national industrialization.

Judicial Reform

7.4 - With due attention to the connection between internal peace and order and development process, the judicial system will be taken up in an attitude of reform in institutions and rules, as well as in buildings and equipment. Efforts will be made to raise the judicial services to their highest level within the perspective period.

Reform in the Public Sector

7.5 - A full-scale reform in the public sector encompassing central administration, local administrations and State Economic Enterprises will be effectuated where public functions, cadres and personnel will be viewed as a whole. Due emphasis will be laid through this reform upon training public personnel, and measures will be taken to enable public administration to develop continuously and systematically, to renovate itself, and thus perform its function with greater impetus and efficiency. With this purpose in view, effective guidance, supervision, and control at the central level will be provided. Legal and administrative arrangements will be made to enable the community to live in security, and the services will be raised, within the perspective period, to standards required by the targeted social and economic structure.

7.6 - It is essential that public services should be of a nature to provide for harmony in the best possible manner between the preference of "development through industrialization" and social and economic rights recognized to individuals by the Constitution. All public services should be of a nature to provide for harmony in the best possible manner between the preference of "development through industrialization" and social and economic rights recognized to individuals by

the Constitution. All public institutions will base the understanding of "service" and "public benefit" on this principle, and will implement the criteria mentioned in the provisions in section three of chapter II of the Constitution with due regard to the preference of "development through industrialization" in the perspective period.

7.7 - The basic principle is to save public institutions from being a burden on development process, and to make them conscious accelerators of development.

7.8 - Reforms in the public sector will ensure a clear division of public services among the administrative units in accordance with articles I0, 4I, II2, II5, II6, and I29 of the Constitution and the functioning of the institutions under the principle of "integrity of administration" both vertically and horizontally.

7.9 - Budgeting, treasury and general accounting methods will be renewed according to perspective targets and plan discipline, and the system of earmarking of revenue will not be practised. A tax administration and a system of fiscal jurisdiction and control will be introduced for the purpose of preventing tax losses and increasing tax yields.

7.I0 - Necessary precaution will be taken during the perspective period to see that public current expenditures for each year do not exceed a definite proportion of the

GNP given in the plans and to allocate funds to the "development current expenditures" required for rapid industrialization in sufficient amounts to enable investments to contribute to production. The principle will be to realize the investments for public administration and services in conformity with local conditions, in the best possible manner, with no allowance for luxury or waste.

7.II - The State Economic Enterprises will be reorganized so as to enable them to function in conformity with the principles of productivity and modern business administration in order to provide greater contribution to development.

Public Sector and Private Enterprise

7.I2 - In order to realize industrialization in the desired form and speed and to develop the power of the national private enterprise in this direction, the State will undertake I) to take the responsibility of setting up and developing industries which call for large capital and advanced technology, which involve a risk, or those which concern the defence, and 2) to orientate the private sector either by encouraging and supporting or discouraging their activities. Articles 40 and 4I of the Constitution charge the State with the duty of setting the course for the private sector with due regard to the principles of stability, clarity,

generality and security, and of guiding the private enterprise to spheres demanded by the perspective aims.

Increasing the National Savings

7.I3 - It is essential to raise the national savings to the level required to realize the investments for development during the perspective plan period. In order to attain the investment targets in this period, domestic savings will be increased and efforts will be exerted to turn the savings of the Turkish workers abroad into investments by treating banking and insurance systems and the capital market as a whole.

7.I4 - The organization and development of capital market and intermediary financial establishments will be taken up in a spirit of radical reform with a view to enhancing voluntary savings and to direct them into productive investments.

7.I5 - In order to attain equity in taxation and to realize a more effective use of public funds towards the fulfillment of the plan targets, public revenues will be subjected to rules and arrangements prepared with due regard to the special characteristics of various income groups. Public revenues will be equipped with a flexibility and structure to cover the developing economic activities and to render unnecessary to look for new financial resources every year.

7.I6 - The principle of price stability will be observed, which will permit a more efficient utilization

of resources for the realization of plan targets.

Use of Foreign Private Resources

7.17 - Foreign capital will be accepted as a source which will be of help in covering the deficits of domestic savings, and as a partner to cooperate in rendering the national private enterprise capable of utilizing the technology which could not be produced through national sources, to provide on-the-job training to qualified manpower, and to expand into foreign markets.

7.18 - Available foreign supplier's credits will be utilized for the speedy construction of industrial units according to plans and programmes, in the spheres requiring special technology, and at times necessitated by domestic savings deficits in order to avoid decrease in the development rate and to keep domestic prices stable, provided, however, that the contractual procedures are determined in advance.

Foreign Trade Regime

7.19 - A dynamic export policy within the principles of mixed economy will be followed, increase in quantity and variety of industrial products (more especially investment goods in future periods) will be ensured, and such exports will be supported through various methods.

7.20 - Imports will be planned according to requirements of industrialization, new technologies, domestic savings, price stability, and obligations to E.E.C. through

various means of foreign exchange, customs tariffs, or the like. Special attention will be paid to the elimination of bottle-necks in the supply of investment goods and raw materials.

Relations with E.E.C.

7.21 - The need to establish harmony between the development aims and the obligations imposed by the Annex Protocol, and to surmount all obstacles which may arise from relations with E.E.C. impeding Turkey from attaining the long-term aims and targets will be kept in view.

7.22 - Every use will be made of the possibilities provided by the Ankara Agreement, and a medium will be prepared whereby the relations of partnership will not hamper the requirements for development of Turkey through industrialization, as prescribed in paragraphs 3.3 and 3.6.

7.23 - For effective use of planning tools in the Third and Fourth Plan periods, necessary flexibility will be provided in the implementation of Turkey's obligations.

7.24 - Turkey will take, when deemed necessary, the measures required to realize industrialization at the rate and in the form targeted in the perspective.

Selection and Production of Technology

7.25 - In order to enhance competitiveness of Turkish products in world markets, and to reach higher

standards of productivity in all economic sectors, it will be essential to follow closely the technological developments in the world, to choose the latest in importing technologies, and to make most effective use of those imported. To this end, special care will be taken to see that imported technologies are suitable to conditions prevailing in Turkey. In addition, steps will also be taken to produce technology domestically.

7.26 - As one of the main factors of producing technology domestically, public and private national engineering and design services will be attractively rewarded and encouraged.

7.27 - Measures will be introduced to enable reliable private national contracting firms specialized in infrastructural investments to compete in foreign markets.

7.28 - The guiding principle will be the selection of most advanced technologies and their effective utilization which will assure competitiveness in the manufacturing industries open to foreign competition. In sectors not open to foreign competition (construction, services, etc.) labour - intensive - techniques will be applied, provided that this will not handicap plan targets with regard to time. Priority will be given to the development of industries like aluminium and metal products which further process the products of

large intermediate goods industries and require intensive application of labour due to their technology.

Agriculture

7.29 - The aim will be to equip the agricultural sector with the power to transfer net resources to other sectors in a concept of reform at all stages from production to consumption, and to enable agricultural development to meet the economic needs.

7.30 - For this purpose, emphasis will be laid on increasing productivity in agriculture and improving the quality. Care will also be taken to raise such products that will increase the contribution of agriculture to the national product to its highest extent and that will be least sensitive to climatic conditions, and the modern technique will be extensively applied. Priority will be given, however, to the growth of such products as may be required by domestic demand for balanced nutrition, and those that carry an export potentiality. Special consideration will be given to keep the supply of food at a level which will preclude the emergence of inflationary pressures in the economy in connection with these commodities.

7.31 - Technological developments will be utilized for the purpose of increasing productivity, greater emphasis will be given to irrigation and soil preservation, and necessary measures will be taken for their rapid contribution to production. In accordance with

Article 37 of the Constitution land will be provided for farmers who have no land, or own insufficient land, with due regard to the principles of social justice and precepts of economic productivity; adequate equipment and organization will be provided for the farmer; and the use of modern inputs will be intensified. To this end, the dominating principle will be to encourage cooperative activities in the widest measure, extending from production to consumption, which will reconcile the benefits of both the producer and the consumer.

Animal Husbandry

7.32 - The main aim in animal husbandry will be to provide for a balanced nutrition of the people, to meet domestic consumption demands while promoting exports, and to enable the agricultural sector to establish income stability within its own framwork. For this purpose, new organizations will be set up and the existing ones will be developed in order to support the stock-breeder, to protect animal health, to prevent smuggling, to expand fodder production and feeding methods, to build industries for meat and animal products, and to establish organizations or to promote the existing ones for the export of processed meat and animal products.

Forestry

7.33 - The forests, together with the protection and development of resources, will be exploited with a

view of meeting the demands for industrialization locally without creating bottlenecks.

Fishing

7.34 - Necessary measures will be taken to increase the fishing production both in seas and in inland waters for the purpose of meeting domestic demand, enhancing exports and developing related branches of industry.

Mining

7.35 - In order to meet the needs of the basic metallurgical industries and raw materials for power generation and increase the gain in foreign exchange, explorations will be conducted according to priorities, with the basic principles of expanding the known reserves and keeping exploitation on a national basis, and measures will be taken to utilize the resources in proper methods without giving rise to waste. Raw materials necessary for power generation and strategic minerals, in particular, will be exploited by the State in order to provide for their timely and safe procurement, and radioactive minerals will be kept under public monopoly.

7.36 - Necessary rules and organizations will be established for utilization of underground resources in line with the needs of the country and the national benefit.

Manufacturing Industry

7.37 - Development of technological research and the production of local technologies, provision of import substitution in great measure, and reduction of sensitivity with respect to foreign factors in economic and technical fields obligate Turkey to place her industrialization on a sounder foundation. With this purpose in mind, priority will be given to the production of intermediate and investment goods, with chemicals and petrochemicals, machinery (including means of transportation for roads, railroads, sea and airways), metals, metal products, and electronic industries heading the list.

7.38 - Greater stress will be laid upon the economies of scale and the use of capacity, choice of technology, proper sites of construction, and competitiveness in the international markets, and the industrial organization to achieve this end will be developed, taking national enterprise as the basis.

7.39 - The assembling industries will be turned into manufacturing industries in the course of the Third Plan and measures will be taken to invite unification of certain industrial branches like automotive industries which need large capital, technology and research.

Power

7.40 - The basic principles in providing the power necessitated by industrialization and by the rise in the standard of living will be to have a state monopoly and

to give priority to the utilization of the national resources. Procurement of power from foreign sources may be deemed appropriate after paying due regard to the objective of decreasing dependence on foreign resources, and by avoiding procurement from a single foreign source.

7.41 - Introduction to the nuclear technology will be realized, but this resource will be attached to a plan from the standpoint of meeting the power requirements in the 22-year perspective period. The possibility of applying nuclear technology to various branches of production and to health will be made use of according to the requirements of the attained stages of development.

Transportation and Communication

7.42 - In the transportation sector the main principle will be to meet at a minimum cost the demand for transportation to be required by economic development and particularly by industrialization. The construction of infrastructure for transportation in certain settlement areas, and services to meet the needs for local transport will be attached to respective plans.

7.43 - A reliable speed and continuity will be provided for all local and international transportation in its infrastructure and operation. For this purpose, developments in world transportation will be closely followed, and a system, organization and coordination necessary for modern transportation will be established and developed under a responsible administration.

7.44 - In sea and air transport the aim will be to reach a capacity, and to adopt a concept of modernization and operation which will enable competition particularly in foreign markets. Rail transport will be put in a state capable of meeting the freight requirements arising from industrial development.

7.45 - In order to supply services more especially to foreign markets, a reliable and up-to-date transport organization will be set up for air and sea commercial fleets.

7.46 - Communication services will be developed in order to provide the communication rendered necessary by the increasing economic activities and the rising standard of living, at a rate which will not cause the creation of bottlenecks. Radio and television, beyond their functions of securing mass communication, will be spread to all parts of the country as a means to be utilized in protecting the national and cultural integrity.

Tourism

7.47 - In principle, touristic investments and operations will be undertaken by the private sector in accordance with the demands of the international and domestic tourism activities. Public investments and operations will be directed to pioneering and modern establishments, or to partnerships with foreign investments where the private national sector's contribution

remains insufficient. The touristic potential will be developed in a selective manner, the historical values above and underground will be protected with the utmost care, and the utilization of sea and lake coasts for communal benefit will be ensured in order to develop tourism according to plans.

Social Justice

7.48 - Increase of employment opportunities, extension of social security, and the policies to be implemented for better distribution of income will be developed in such measure as not to slow down industrialization in the perspective period.

7.49 - The improvement in income distribution will be realized by decreasing the differences among the income groups, and by establishing a more balanced growth in the country. The development levels of provinces and towns will be determined by objective methods, and a system with due regard to differences in income will be applied in securing benefit from public services.

7.50 - The implementation of the principle of balanced development throughout the country shall not be allowed to impede the validity of the objective economic criteria in productive investments of national calibre.

7.51 - The under-developed areas to be determined through scientific methods will be steered towards the targets of long-term development in the fields which they have potentialities and their economic and social progress

under the principle of national integrity will thus be ensured.

Settlement and Urbanization

7.52 - Conformity of basic settlement patterns in urban and rural scales to development in general will be provided. This conformity will be achieved by: a) creating work opportunities in cities and securing a functional character for them, and especially establishing municipal discipline in and around organized industrial regions and public investments; b) selecting the central villages I6/ which will provide possibility for greater number of people to benefit from public services and increase the effectiveness of public investments; c) constructing the infrastructure in cities without causing a problem on environmental conditions and in standards enabling transition to more advanced stages, and taking up the needs for housing, health and social services as a whole.

Housing

7.53 - In order to meet the need for housing in a manner conforming with the settlement pattern and standards, the public administration will set the necessary

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I6/ Central villages constitute the stage created as a result of selection of certain villages between the cities and the other settlement units where public services are intensified.

directions through effective policy instruments, and will act as a guide in this endeavour. The construction of squatter houses will be placed under a strict discipline to provide minimum conditions with due regard to the requisites of sheltering and of physical and mental health, and without causing a problem for municipal services, for environmental health, and for urban development in the course of future periods.

Health

7.54 - Administration of health services by a single organization will be the abiding principle. Setting up establishments for bed treatment, and their standards and administration will be reorganized with a view to making a more efficient use of resources, and greater emphasis will be laid on preventive health services. A health insurance system will be gradually put into practice. Training of health personnel in numbers and qualifications deemed necessary by the development aims, and their balanced distribution over the country will be ensured.

7.55 - The pharmaceuticals industry will be held under public control to avoid adverse effects on public health and income, and waste of resources; and in principle raw materials necessary for pharmaceutical products will be produced domestically.

Education

7.56 - Formal and informal education will be reorganized so as to ensure equality of opportunity and manpower skill particularly required for industrialization, and provide proper education suitable to individual aptitudes in such a way as to train researching, constructive and creative generations possessing a consciousness of the ideal of national integrity and deep-rooted democratic order. According to Article 50 of the Constitution, one of the foremost duties of the State is "to provide for the educational needs of the people".

7.57 - The basic principle in formal and informal education is to train production-oriented vocational and technical manpower, together with those capable of producing technology and conducting researches. Special attention will be paid to realizing this aim within the scope and character demanded by industrialization.

7.58 - The duration of basic education will be raised to eight years, and it will give a structure whereby the individual will be equipped with vocational knowledge and capacity.

7.59 - In order to enable education to perform its function of providing equality of opportunity and educational facilities suitable to individual aptitudes, the systems of scholarships, credits and boarding-schools will be reorganized, and regional discriminations

in providing educational facilities will be eliminated. In addition, planned settlement patterns will be taken into consideration in the distribution of the educational institutions throughout the country.

Youth and Culture

7.60 - Efforts will be made to include sports among the daily activities, and to expand it on a wider basis with a view to developing the mental and physical health of the community.

7.61 - Care will be taken to train the young generation in a concept of whole-hearted belief in Kemalist principles, in the tenets of the secular and social State based on law, and in free democratic order, and to equip them with constructive and creative powers and values to safeguard the interests of the country and the national merits and ideals in a spirit of national enthusiasm.

Part VIII

Targets of the Third Five-Year Development Plan

8.I - In the Third Plan period which constitutes the first segment of the new perspective extending to 95, the following targets have been determined, and accepted to attain the perspective objectives.

Economic Targets

8.2 - An increase of 88 billion Turkish liras is expected to be attained in G.D.P. (Gross Domestic Product) during the Third Plan period I7/. Production will be increased at the annual rate of 4.0-4.5 percent in agriculture, and II.5-I2.5 percent in the industrial sector. Thus, approximately I2 percent of the total increase in the G.D.P. will be provided by the agricultural sector, with 36 percent in the industrial and 52 percent in the services sectors.

8.3 - The production in the manufacturing sector of industry will be developed at the yearly rate of II.5-I2.I percent. In order to create a change in the structure of the manufacturing sector in the direction aimed at in the perspective plan, growth of production during this period will be so as to provide an annual

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I7/ Absolute figures are given at I97I prices.

increase of I4.0-I5.0 percent in intermediate goods, and I6.0-I7.0 percent in investment goods, as against an average annual increase of 6.5-7.5 percent in consumption goods. The production in industries like chemicals, iron and steel, non-ferrous metals, machinery, and electrical equipment will be raised by I977 to double the production level of I972.

8.4 - Production in the mining sector will be speeded up by an average yearly increase of I5 percent, and that of power by I3 percent.

8.5 - In order to raise the share of the industrial sector in G.D.P. to 40 percent by I995, this share will be increased from 23 percent in I972 to 27 percent by I977, while the share of the agricultural sector will fall from 28 percent to 23 percent.

8.6 - To attain these targets, 29I billion Turkish liras worth of investments will be made during the Third Plan period between I973 and I977. In order to realize this sum, the investments will be increased at an average annual rate of I2.7 percent. For the purpose of developing the sectors in the desired direction and at the necessary rate, I2 percent of fixed investments to be realized during this period will be allocated to the agricultural sector, with 45 percent to industry, and 43 percent to services. Industrial investments will be increased by a yearly average of I8 percent.

8.7 - With the aim of attaining the planned

investment level, the domestic savings which is I9.6 percent of G.D.P. in I972 will be raised to 25.5 percent by I977. This requires an average yearly increase of I3.6 percent in domestic savings; in other words, 38 percent of the increased income will have to be allocated to savings. This rate of savings is deemed realizable during this plan period, and necessary, at the same time, to enable the industry to become the focal point in attaining the envisaged development level in line with article 53 of the Constitution.

8.8 - The greatest contribution in increasing savings should be made by the public sector. For this reason, public savings will be enhanced at an average yearly rate of I9 percent, thus becoming I.5 times larger than those of I972. Increase in such proportion in public savings will be realized through a respective yearly increase of I2 percent in public revenue, as against keeping the increase in current public expenditures at the level of 8 percent. This, in turn, will be made possible by the addition of new tax sources to public revenue obtainable within the tax structure of I972, resulting in an additional public revenue at the order of 4-5 percent of G.N.P. in I977.

8.9 - In order to reduce the dependence of the perspective plan on foreign resources, the export of goods and services will be increased at a yearly rate

of 9.2 percent, and an import substitution worth of 450 million dollars will be carried out during the period. Some 40-50 million dollars of import substitutes will be realized in consumption goods industries, with I00-II0 millions in the production of machinery and electrical implements, and the remaining 300-320 millions in iron and steel, other metals, chemicals, fertilizers, paper and oil products. A change will be realized in the composition of exports in favour of industrial goods, and the share of such goods in total exports will be raised to 40 percent. This increase will be attained through development of exports particularly of foodstuffs, textiles, clothing, leather products, and non-ferrous metals.

Social Targets

8.I0 - The aim will be to provide local employment for approximately I.6 million people in the non-agricultural sectors during the Third Plan period. Thus, the proportion of the manpower employed in non-agricultural sectors will rise from 34 percent in I972 to 4I percent in I977.

8.II - The socialization programme will be spread to two thirds of the country with a health centre for every ten thousand, and a health station for every three thousand people. A standard of 26 beds for every ten thousand inhabitants will be adopted in every province, starting with the lowest

rating province.

8.12 - One hundred percent scholarization rate will be realized in primary education. The aim will be to provide scholarization at the rate of 50 percent in the first cycle of secondary education, 25 percent in the second cycle, and 9 percent in higher education.

ERRATA

Page	Line 1/	Wrong	Correct
Contents	2	Community	Society
8	2	Community	Society
8	8	197.3 billion	179.3 billion
11	Footnote 2*	14 million man-	14 millions
11	Footnote 1*	power	(to be deleted)
14	13	due to both restricted foreign demand	due to restrictions both from the foreign demand side
14	14	and to supply	as well as domestic supply side
14	1*	1/2%	0.5 %
15	7	intermediary	intermediate
15	9	intermediary	intermediate
17	7	E.E.E.	E.E.C.
25	9*	preparing the requirements for future imports	providing for future import requirements
27	7	in such a manner as to provide justice and the principle	according to the principles of justice and
27	8	of	(to be deleted)
33	5	aluminium -	aluminium products
35	13	gradual	hierarchical
36	Footnote 3*	G.I.P.	G.D.P.
40	13	agricultural	(to be deleted)
56	6*	in	with respect to
63	4*	12.1	12.0

1/ Starred numbers should be counted from the bottom.